



# U.S. Department of Homeland Security Summary of Performance and Financial Information

Fiscal Year 2010



Homeland  
Security

# About this Report

The *U.S. Department of Homeland Security (DHS) Summary of Performance and Financial Information for Fiscal Year 2010* offers a high-level summary of performance and financial information. This report is designed for use by a wide variety of audiences and stakeholders within and outside government.

For FY 2010, the Department is using the alternative approach as identified in the Office of Management and Budget's Circular A-136 to produce its Performance and Accountability Reports consisting of the following three reports:

- *DHS Annual Financial Report*: Publication Date – November 15, 2010
- *DHS Annual Performance Report*: Publication Date – February 14, 2011
- *DHS Summary of Performance and Financial Information*: Publication Date – February 15, 2011

When published, all three reports will be located at our public website at:  
[http://www.dhs.gov/xabout/budget/editorial\\_0430.shtm](http://www.dhs.gov/xabout/budget/editorial_0430.shtm).

For more information, contact:

Department of Homeland Security  
Office of the Chief Financial Officer  
Office of Financial Management  
245 Murray Lane, SW  
Mailstop 200  
Washington, D.C. 20528

Information may also be requested by sending an email to [par@dhs.gov](mailto:par@dhs.gov).

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# Mission and Organization

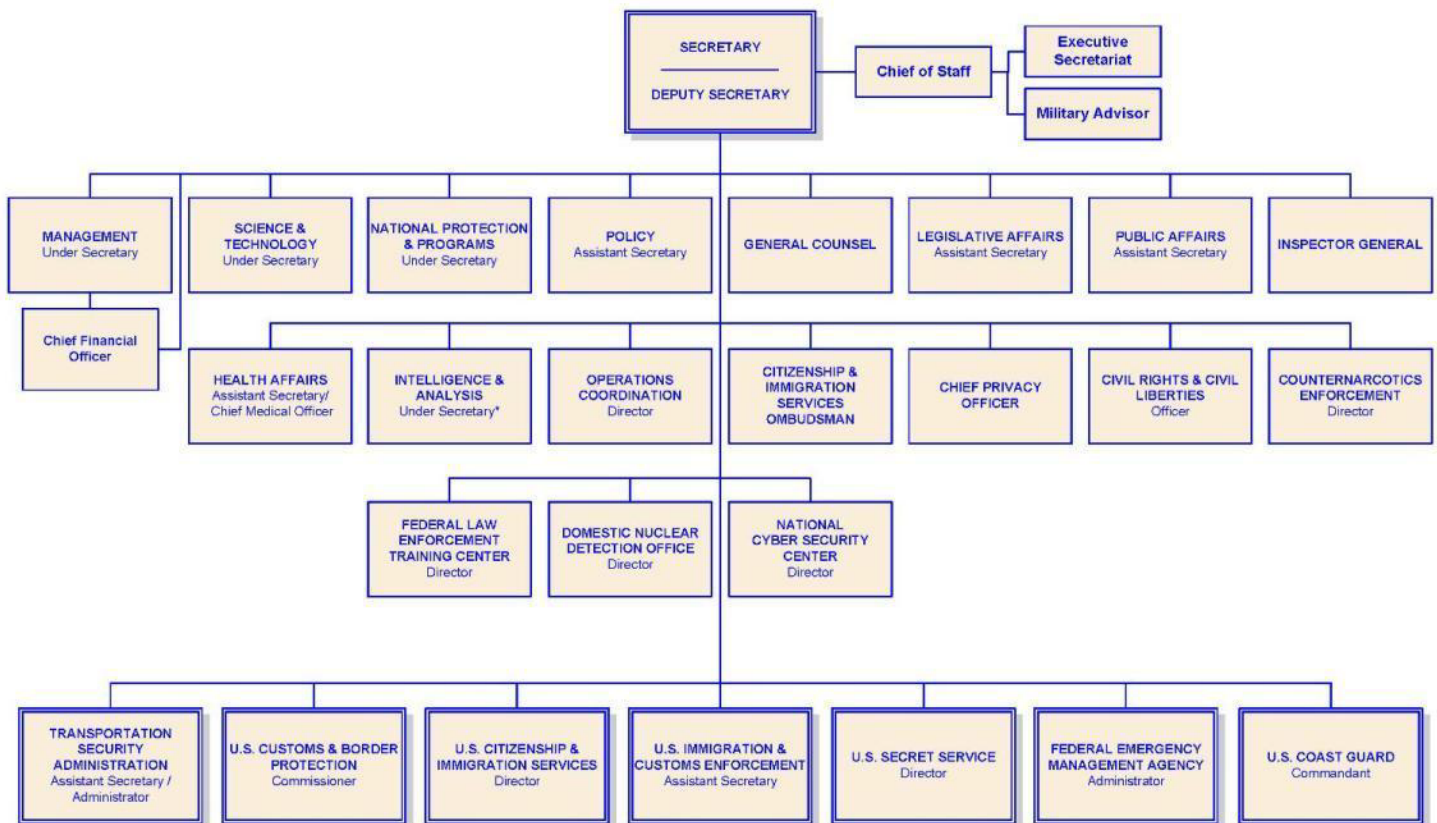
## Our Mission

*We will lead efforts to achieve a safe, secure, and resilient homeland. We will counter terrorism and enhance our security; secure and administer our borders; enforce and administer our immigration laws; protect cyber networks and critical infrastructure; and ensure resilience from disasters.*

## Our Organization

The Department of Homeland Security leverages resources within Federal, state, local, territorial, and tribal governments, coordinating multiple agencies and programs into a single, integrated effort focused on protecting the American people and their homeland. The seven Operational Components, listed along the bottom of the chart below, lead the Department’s operational activities to protect our Nation. The remaining Components of the Department provide resources, analysis, equipment, research, policy development, and support to ensure the front-line organizations have the tools and resources to accomplish the DHS mission. For more information, visit our website at <http://www.dhs.gov/xabout/structure>.

Figure 1. DHS Organization Chart





## Quadrennial Homeland Security Review

In February 2010, DHS published our Nation's first ever comprehensive review of America's homeland security strategy—the Quadrennial Homeland Security Review ([QHSR](#)). The QHSR was the first step in setting forth the strategic framework to guide the activities of the homeland security enterprise toward a common end—a homeland that is safe, secure, and resilient against terrorism and other hazards. The QHSR accomplished this by laying out a vision for a secure homeland, key mission priorities, and specific goals for each of those mission areas.

The QHSR identified five mission areas for the homeland security enterprise:

**Mission 1: Preventing Terrorism and Enhancing Security** – Protecting the United States from terrorism is the cornerstone of homeland security. DHS's counterterrorism responsibilities focus on three goals: preventing terrorist attacks; preventing the unauthorized acquisition, importation, movement, or use of chemical, biological, radiological, and nuclear materials and capabilities within the United States; and reducing the vulnerability of critical infrastructure and key resources, essential leadership, and major events to terrorist attacks and other hazards.

**Mission 2: Securing and Managing Our Borders** – DHS secures the Nation's air, land, and sea borders to prevent illegal activity while facilitating lawful travel and trade. The Department's border security and management efforts focus on three interrelated goals: effectively securing U.S. air, land, and sea borders; safeguarding and streamlining lawful trade and travel; and disrupting and dismantling transnational criminal and terrorist organizations.

**Mission 3: Enforcing and Administering Our Immigration Laws** – DHS is focused on smart and effective enforcement of U.S. immigration laws while streamlining and facilitating the legal immigration process. The Department has fundamentally reformed immigration enforcement, focusing on identifying and removing criminal aliens who pose a threat to public safety and targeting employers who knowingly and repeatedly break the law.

**Mission 4: Safeguarding and Securing Cyberspace** – By statute and Presidential directive, DHS has the lead for the Federal Government to secure civilian government computer systems and works with industry and state, local, tribal and territorial governments to secure critical infrastructure and information systems. DHS analyzes and reduces cyber threats and vulnerabilities; distributes threat warnings; and coordinates the response to cyber incidents to ensure that our computers, networks, and cyber systems remain safe.

**Mission 5: Ensuring Resilience to Disasters** – DHS provides the coordinated, comprehensive federal response in the event of a terrorist attack, natural disaster or other large-scale emergency while working with federal, state, local, and private sector partners to ensure a swift and effective recovery effort. The Department's efforts to build a ready and resilient Nation include fostering a community-oriented approach; bolstering information sharing; providing grants, plans and training to our homeland security and law enforcement partners; and facilitating rebuilding and recovery along the Gulf Coast.



## Bottom-up Review

A bottom-up review ([BUR](#)) of DHS was initiated in November 2009 as an immediate follow-on and complement to the QHSR. The BUR included an assessment of the organizational alignment of the Department with the homeland security missions set forth in the QHSR, including the Department's organizational structure, management systems, procurement systems, and physical and technical infrastructure. The BUR also included a review and assessment of the effectiveness of the mechanisms of the Department for utilizing the requirements developed in the QHSR in the development of the Department's acquisition strategies and expenditure plan.

The BUR Report describes the alignment of the Department with the homeland security missions, and sets forth the Department's priority initiatives and enhancements to increase mission performance, improve Department management, and increase accountability over the next four years. The BUR Report includes recommendations for improving the organizational alignment of the Department and enhancing its business processes.

The BUR is the second step of a three-step process. The Department's FY 2012 budget request will begin the process of implementing the BUR initiatives and enhancements, and the corresponding FY 2012–2016 Future Years Homeland Security Plan will set forth the budget plan required to provide sufficient resources to successfully execute the full range of homeland security missions as described in the QHSR and the priority initiatives and enhancements set forth in the BUR Report over the FY 2012–2016 period, in order to set a foundation for future success.

As a result of the BUR and discussions regarding the Department's FY 2012 budget request and FY 2012–2016 Future Years Homeland Security Report, the Department articulated a sixth mission, designed to address the many activities DHS leads and supports that provide essential support to national and economic security, and is referred to as *Providing Essential Support to National and Economic Security*.

**Mission 6: Providing Essential Support to National and Economic Security** – DHS leads and supports many activities that provide essential support to national and economic security including, but not limited to: maximizing collection of customs revenue; maintaining the safety and security of the marine transportation system; preventing the exploitation of children; providing law enforcement training; and coordinating the Federal Government's response to global intellectual property theft. DHS contributes in many ways to these elements of broader U.S. national and economic security while fulfilling its other five homeland security missions.



## Performance Overview

The performance overview provides an analysis of each homeland security mission area, selected accomplishments for FY 2010, and key future initiatives to strengthen the Department's efforts in achieving a safer and more secure Nation. For more detailed performance information, please see our FY 2010 Annual Performance Report located at [http://www.dhs.gov/xabout/budget/editorial\\_0430.shtm](http://www.dhs.gov/xabout/budget/editorial_0430.shtm).

### *Preventing Terrorism and Enhancing Security*

Preventing a terrorist attack in the United States remains the cornerstone of homeland security. Our vision is a secure and resilient Nation that effectively prevents terrorism in ways that preserve our freedom and prosperity. Achieving this vision requires us to focus on the core goal of preventing terrorist attacks, highlighting the challenges of preventing attacks using chemical, biological, radiological, and nuclear (CBRN) weapons and managing risks to critical infrastructure.

We will achieve this mission through the following goals:

- **Prevent Terrorist Attacks:** Prevent malicious actors from conducting terrorist attacks within or against the United States.
- **Prevent the Unauthorized Acquisition or Use of CBRN Materials and Capabilities:** Prevent malicious actors from acquiring or moving dangerous chemical, biological, radiological, and nuclear materials or capabilities within the United States.
- **Manage Risks to Critical Infrastructure, Key Leadership, and Events:** Reduce the vulnerability of key sectors to attack or disruption.

### **DHS Performs Watchlist Matching for 100 Percent of Passengers on Flights Within or Bound for U.S.**

In November 2010, Secretary Janet Napolitano announced that 100 percent of passengers on flights within or bound for the U.S. are now being checked against the U.S. Government's consolidated terrorist watch list through the Transportation Security Administration's [\(TSA\) Secure Flight](#) program—fulfilling a key 9/11 Commission recommendation a month ahead of schedule. TSA reached 100 percent watchlist matching for all domestic airlines in June 2010.



“Each and every one of the security measures we implement serves an important goal: providing safe and efficient air travel for the millions of people who rely on our aviation system every day,” said Secretary Napolitano. “Secure Flight makes air travel safer for everyone by screening every passenger against the latest intelligence before a boarding pass is issued.”

In addition to facilitating secure travel for all passengers, the program helps prevent the misidentification of passengers who have names similar to individuals on the U.S. Government's consolidated terrorist watch list.



### Successful Test of Maritime Radiation Detection Technology

The Department's Domestic Nuclear Detection Office (DNDO) has established the U.S. Government's premier radiological and nuclear detection system test and evaluation organization. Since 2005, DNDO has conducted 48 separate test and evaluation campaigns at more than 20 experimental and operational venues. In FY 2010, DNDO completed the *Dolphin* test campaign to evaluate the performance of currently available radiological and nuclear detection systems mounted on small vessels and designed for operation in the maritime environment. These systems were tested in the San Diego, California harbor under operational conditions with U.S. Coast Guard and local law enforcement participation. This test successfully demonstrated the feasibility of boat-mounted systems, and will be instructive to Federal, state, local and tribal entities developing capabilities throughout U.S. port regions to counter the threat of nuclear terrorism in our coastal waters and harbors.



### Future Initiatives

#### Strengthening Aviation Security:

Since the attempted terrorist attack on December 25, 2009, Secretary Napolitano has worked with the International Civil Aviation Organization (ICAO) on an unprecedented global initiative to strengthen the international aviation system against the evolving threats posed by terrorists, working in multilateral and bilateral contexts with governments as well as industry. Secretary Napolitano has participated in regional aviation security summits around the world, bringing about historic consensus with her international colleagues to strengthen the civil aviation system through enhanced information analysis and sharing, cooperation on technological development and modernized aviation security standards. These efforts culminated at the ICAO Triennial Assembly in October 2010, where the Assembly adopted the Declaration on Aviation Security, which forges a historic new foundation for aviation security that will better protect the entire global aviation system from evolving terrorist threats. The extraordinary global collaboration demonstrated by the nearly 190 ICAO countries during the ICAO General Assembly in Montreal has helped to bring about a truly 21<sup>st</sup> century international aviation security framework that will make air travel safer and more secure than ever before. Further, throughout 2010, DHS played a significant role in developing the ICAO Comprehensive Aviation Security Strategy, also adopted at the ICAO Assembly in October 2010, which sets the course for ICAO's aviation security efforts over the next six years. This strategy promotes innovative, effective, and efficient aviation security approaches—focusing on information sharing; compliance; and oversight—and stresses the importance of security among all of ICAO's members and stakeholders. Evolving aviation security threats against the United States will continue to present new challenges. While we cannot eliminate all threats to aviation, we can continue to mitigate these threats as we improve and adapt layered domestic and international aviation security measures.



## **Standardizing and Institutionalizing the National Fusion Center Network:**

Since 2003, a national network of fusion centers has been developed at the state, local, tribal, and territorial level, supported by DHS and the Department of Justice with funding, training, exercises, and technical assistance. As part of a systematic effort to fully integrate these centers into national intelligence efforts, DHS will assess and raise the current level of capability of fusion centers in conjunction with Federal, state, local, tribal, and territorial partners and the private sector.

## ***Securing and Managing Our Borders***

A safe and secure homeland requires that we secure our air, land, and sea borders and disrupt and dismantle transnational criminal and terrorist organizations while facilitating lawful travel and trade.

We will achieve this mission through the following goals:

- **Secure U.S. Air, Land, and Sea Borders:** Prevent the illegal flow of people and goods across U.S. air, land, and sea borders.
- **Safeguard Lawful Trade and Travel:** Facilitate and secure lawful trade and travel.
- **Disrupt and Dismantle Transnational Criminal Organizations:** Disrupt and dismantle transnational organizations that engage in smuggling and trafficking across the U.S. border.

## **Western Hemisphere Travel Initiative**

The Western Hemisphere Travel Initiative ([WHTI](#)) requires U.S. citizens and nonimmigrant aliens from Canada, Bermuda, and Mexico departing from or entering the United States from within the Western Hemisphere by air, land or sea ports-of-entry to have WHTI-compliant documents—passports or other approved documents that denote identity and citizenship.



U.S. Customs and Border Protection's (CBP) comprehensive local, national, and international outreach campaign has led to a high rate of WHTI document compliance, averaging more than 95 percent nationally throughout FY 2010. CBP now conducts queries against law enforcement databases on more than 95 percent of the traveling public, up from just 5 percent in FY 2005.

In FY 2010, CBP enhanced a new software capability deployed to all land border ports to provide highly accurate traveler counts and targeted intelligence alerts, which has contributed to a 30 percent increase in drug seizures on the southern border. In addition, apprehensions due to false claims of U.S. citizenship increased 25 percent, while the rate of fraudulent documents intercepted increased by 12 percent throughout FY 2010.





## Border Enforcement Security Task Forces and Operation In Plain Sight

DHS's Immigration and Customs Enforcement ([ICE](#)) partnered with Federal, state, local and foreign law enforcement counterparts to create the Border Enforcement Security Task Force (BEST) initiative—a series of multi-agency teams that work to identify, disrupt, and dismantle criminal organizations posing significant threats to our border security.

Operation [In Plain Sight](#), which was initiated by the Tucson BEST and carried out in coordination with the Phoenix BEST and Mexican law enforcement, was an Arizona-wide investigation of alien smuggling in the transportation infrastructure from Mexico to the United States. This investigation culminated in FY 2010 and uncovered major smuggling organizations using private and commercial transportation to move aliens across the Arizona border, through Tucson, and into Phoenix, from which they dispersed to locations throughout the United States.



Operation In Plain Sight resulted in nearly 50 criminal arrests and more than 40 administrative arrests; seizures of illicit weapons, cash, and vehicles; and the initiation of promising investigations of criminal organizations in Mexico—effectively dismantling an entire criminal enterprise engaged in smuggling through Arizona.

### Future Initiatives

#### **Expanding Joint Operations and Intelligence Capabilities:**

DHS will unify the use of technology, surveillance capabilities, and related resources across air, land, and maritime domains, with an emphasis on data collection, data processing, and data integration across domains. DHS will also create and lead new Joint Interagency Task Forces (JIATF) to harmonize operations and intelligence for the geographical approaches not currently covered by JIATF–South, as well as for the arrival of people and goods into the United States.

#### **Additional Southwest Border Security Capabilities:**

The passage and signing of Southwest border security supplemental legislation provided additional capabilities to secure the Southwest border at and between our ports of entry and reduce the illicit trafficking of people, drugs, currency, and weapons. Specifically, this bill provides \$14 million for improved tactical communications systems along the Southwest border; \$32 million for two additional CBP unmanned aircraft systems; \$176 million for an additional 1,000 Border Patrol agents to be deployed between ports of entry; \$68 million to hire 250 new CBP officers at ports of entry and to maintain 270 officers currently deployed to ports of entry; \$80 million for 250 new ICE agents; and \$6 million to construct two forward operating bases along the Southwest border to improve coordination of border security activities.



Beyond these measures, DHS is taking additional steps to bring greater unity to our enforcement efforts, expand coordination with other agencies, and improve response times. We are creating joint commands to bring together Border Patrol, Air and Marine, and Field Operations under a unified command structure. We are improving coordination with the military where our missions overlap on the Southwest border. In partnership with the Drug Enforcement Administration and the Department of Defense, we stood up the new Border Intelligence Fusion Section in the El Paso Intelligence Center, which will develop and disseminate a comprehensive Southwest Border Common Intelligence picture, as well as real-time operational intelligence, to our law enforcement partners in the region—further streamlining and enhancing coordinated federal, state, local, and tribal operations along the border. Additionally, we are continuing to work with Mexico to develop an interoperable, cross-border communications network that will improve our ability to coordinate law enforcement and public safety issues.

## *Enforcing and Administering Our Immigration Laws*

Virtually all Americans are affected by our immigration system. A fair and effective immigration system enriches American society, unifies families, and promotes our security. Our Nation's immigration policy plays a critical role in advancing homeland security.

We will achieve this mission through the following goals:

- **Strengthen and Effectively Administer the Immigration System:** Promote lawful immigration, facilitate administration of immigration services, and promote the integration of lawful immigrants into American society while guarding against fraud and abuse of the immigration system.
- **Prevent Unlawful Immigration:** Reduce conditions that encourage foreign nationals to illegally enter and remain in the United States, while identifying and removing those who violate our laws.

### **U.S. Citizenship and Immigration Services Redesigns “Green Card”**

In FY 2010, U.S. Citizenship and Immigration Services ([USCIS](#)) redesigned the [Permanent Resident Card](#), commonly known as the “Green Card,” to incorporate several major new security features. The Green Card redesign is the latest advance in USCIS’s ongoing efforts to deter immigration fraud. State-of-the-art technology incorporated into the new card prevents counterfeiting and tampering, and facilitates quick and accurate authentication. USCIS will issue all Green Cards in the new, more secure format and will replace Green Cards already in circulation as individuals apply for renewal or replacement.



“Redesigning the Green Card is a major achievement for USCIS,” said USCIS Director Alejandro Mayorkas. “The new security technology makes a critical contribution to the integrity of the immigration system.”

The enhanced features will better serve law enforcement, employers, and immigrants, all of whom look to the Green Card as definitive proof of authorization to live and work in the United States.



## National Fugitive Operations Program – Operation Cross Check

The National Fugitive Operations Program is one facet of DHS’s strategy to identify and remove dangerous criminal aliens from the United States. ICE Fugitive Operations Teams prioritize aliens who pose a threat to national security and public safety, including members of transnational gangs, child sex offenders, and aliens with prior convictions for violent crimes. The Fugitive Operations Teams use intelligence-based information and leads to locate and arrest aliens who have been ordered to leave the country, but have failed to comply. Today ICE has 104 Fugitive Operations Teams deployed nationwide. This targeted enforcement strategy is yielding impressive results, as the Nation’s fugitive alien population continues to decline.



ICE launched Operation Cross Check, an operation targeting fugitive or criminal aliens who pose a threat to national security and community safety, in December 2009. ICE has conducted Cross Check operations in 37 states, including in California, Texas, Virginia and Arizona, as well as regional operations in the Southeast, Northeast and Midwest. In FY 2010, ICE arrested 2,064 convicted criminals, fugitives, and aliens who have illegally re-entered the United States after removal through Operation Cross Check.

### Future Initiatives

#### **Improving the Detention and Removal Process:**

DHS administers the detention and removal process in partnership with the Department of Justice. To expedite the removal of criminal and other dangerous foreign nationals, DHS will increase non-investigatory law enforcement staffing for detention and removal operations in order to focus law enforcement on criminal investigations. DHS will expand the Secure Communities program and the Criminal Alien Program nationwide. These programs ensure that criminal aliens are identified within Federal, state, and local jails and prisons and have removal orders by the time they complete their criminal sentence, removing the burden of detaining these aliens beyond their criminal sentences while they are awaiting removal orders. DHS is also working to revise national standards for detainee care and treatment, including those needing continuing medical treatment, ensuring that detention facilities housing immigration detainees meet or exceed these standards and canceling the contracts at facilities that receive deficient ratings.

#### **Targeting Egregious Employers Who Knowingly Exploit Illegal Workers:**

Preventing unlawful immigration depends on reducing the demand for illegal labor. DHS is focusing on worksite enforcement, targeting egregious employers who knowingly exploit illegal labor. Since January 2009, ICE has audited more than 3,585 employers suspected of hiring illegal labor, debarred 235 companies and individuals, and imposed approximately \$64 million in financial sanctions—more than the total amount of audits and debarments than during the entire previous administration. At the same time, DHS has improved and expanded the E-Verify system to promote voluntary employer compliance, adding new E-Verify features to monitor for fraud and redesigning



the system to ensure compliance and ease of use. The Administration also announced the “I E-Verify” initiative to let consumers know which businesses are working to maintain legal workforces by using E-Verify.

## *Safeguarding and Securing Cyberspace*

Our economic vitality and national security depend on a vast array of interdependent and critical cyber networks, systems, services, and resources. If these cyber tools and networks cannot function properly, we will not be able to effectively communicate, travel, power our homes, run our economy, or obtain Government services.

We will achieve this mission through the following goals:

- **Create a Safe, Secure, and Resilient Cyber Environment:** Ensure malicious actors are unable to effectively exploit cyberspace, impair its safe and secure use, or attack the Nation’s information infrastructure.
- **Promote Cybersecurity Knowledge and Innovation:** Ensure that the Nation is prepared for the cyber threats and challenges of tomorrow.

### **Cybersecurity Investigations – Credit Card Trafficking**

Agents with the [U.S. Secret Service](#) initiated an undercover cyber-based investigation involving a suspect operating under the nickname “BadB,” which they identified as Vladislav Anatolievich Horohorin, an international credit card trafficker thought to be one of the most prolific sellers of stolen data.

U.S. Secret Service agents determined Horohorin, who is a citizen of Israel and the Ukraine, allegedly used online criminal forums such as “CarderPlanet” and “carder.su” to sell stolen credit card information, known as “dumps,” to online purchasers around the world. Using an online undercover identity, U.S. Secret Service agents negotiated the sale of numerous stolen credit card dumps. In FY 2010, Horohorin was indicted by a Federal grand jury on charges of access device fraud and aggravated identity theft. He is currently being detained in France pending extradition to the United States.





## Cyber Storm III

In FY 2010, DHS hosted Cyber Storm III—a three-day exercise that brings together a diverse cross-section of the Nation’s cyber incident responders to assess U.S. cyber response capabilities.

“Securing America’s cyber infrastructure requires close coordination with our Federal, state, international and private sector partners,” said Secretary Napolitano. “Exercises like Cyber Storm III allow us build upon the significant progress we’ve made in responding to evolving cyber threats.”

Cyber Storm III is an exercise scenario that simulates a large-scale cyber attack on critical infrastructure across the Nation. The goal of the exercise is to examine and strengthen collective cyber preparedness and response capabilities, involving thousands of participants across government and industry. Seven Cabinet-level departments, 11 states, 12 international partners, and 60 private-sector companies participated. As part of Cyber Storm III, DHS exercised elements of the newly-developed National Cyber Incident Response Plan—a blueprint for the Nation’s cybersecurity incident response.

Cyber Storm III also represented the first major exercise testing the new National Cybersecurity and Communications Integration Center which serves as the hub of national cybersecurity coordination and was established at the beginning of FY 2010.



## Future Initiatives

### **Increasing DHS’s Predictive and Forensic Capabilities for Cyber Intrusions and Attacks:**

The ability to predict the emergence of new cyber threats will help mitigate the effects of such threats. Likewise, the ability to determine the source of a cyber attack, intrusion, or disruption both increases the likelihood of a successful prosecution of the attacker and creates a powerful deterrent effect against both state and non-state actors. To that end, DHS will build a new predictive analytic capability that will work closely with the law enforcement and intelligence communities and the private sector to improve the identification of cyber adversaries, establish and advance deterrence strategies, and promote a more accurate understanding of emerging cyber threats. To meet these goals, DHS is currently enhancing its efforts to recruit and develop an expanded cyber intelligence and analysis team.

### **Increase the Focus and Integration of DHS’s Operational Cybersecurity and Infrastructure Resilience Activities:**

DHS has substantial operational cyber security responsibilities, which are inextricably intertwined with its responsibilities to manage all hazards risk to critical infrastructure. DHS will focus NPPD’s activities on operations and more closely align cyber and critical infrastructure protection and resilience efforts, in cooperation with the private sector, to secure cyber networks and make critical



infrastructure resilient. DHS will examine ways to clarify NPPD's increasingly operational role as well as NPPD's functions not related to cybersecurity or infrastructure protection and resilience.

## *Ensuring Resilience to Disasters*

Despite ongoing vigilance and efforts to protect this country and its citizens, major accidents and disasters, as well as terrorist attacks, may occur. The challenge is to build the capacity of American society to be resilient in the face of attacks, disasters, and other crises. Our vision is a Nation that understands the hazards and risks we face; is prepared for disasters; can withstand the disruptions that terrorist attacks and disasters may cause; can manage itself effectively during a crisis; can recover quickly and effectively; and can adapt to conditions that have changed as a result of the event.

We will achieve this mission through the following goals:

- **Mitigate Hazards:** Strengthen capacity at all levels of society to withstand threats and hazards.
- **Enhance Preparedness:** Engage all levels and segments of society in improving preparedness.
- **Ensure Effective Emergency Response:** Strengthen response capacity nationwide.
- **Rapidly Recover:** Improve the Nation's ability to adapt and rapidly recover.

### **Preparedness Grants – Improving Federal, State, Local, and Tribal Government Preparedness Capabilities**

In FY 2010, DHS provided more than \$3.8 billion in Federal Emergency Management Agency ([FEMA](#)) preparedness grants designed to help states, urban areas, tribal governments and nonprofit organizations enhance their protection, prevention, response, and recovery capabilities for risks associated with potential terrorist attacks and other hazards.



DHS uses a risk-based methodology to identify areas eligible for homeland security grants, accounting for threats, population, and prevalence of critical infrastructure. To support our Nation's first responders, DHS has eliminated red tape by streamlining the grant process and expanding what grants can be used for, such as maintenance and sustainability, enabling local jurisdictions to continue to support previous investments rather than buying new equipment or technology each year. DHS has also made it easier to put fire grants to work quickly to rehire laid-off firefighters and retain current forces by waiving the local match requirement, salary cap, and retention requirements, giving fire departments more flexibility in protecting the jobs of veteran firefighters.



## FEMA Responds to Tennessee Floods

On May 1 and 2, 2010, Tennessee experienced one of the worst rain storms in its history. The Cumberland River crested at nearly 52 feet in Nashville, a level not seen since 1937.

FEMA was on the scene from the very beginning, supporting the immediate needs of water, food, generators, and shelter.

More than \$136 million in FEMA assistance has been provided to individuals and households for rental assistance and home repair to help residents continue the recovery process. An additional \$18 million has been provided to the state and local governments to reimburse them for the repairs to infrastructure such as damaged roads and flooded utilities. In addition, FEMA opened 67 Disaster Recovery Centers across the affected area to provide assistance to people affected by the severe storms and flooding. With FEMA's support, Tennessee and its residents are on the road to recovery.



### Future Initiatives

#### **Improving DHS's Ability to Lead in Emergency Management:**

To improve overall effectiveness in emergency management, FEMA will create a new strategic approach to developing the agency's current workforce. This approach will involve recruiting and hiring the best talent available and strengthening skill sets across the workforce in support of FEMA's core responsibilities. DHS will create a career path for employees with emergency management responsibilities, including headquarters positions, field deployments, and mobility assignments, and implement both paid and unpaid internship programs to develop future emergency managers.

#### **Engaging Private Sector to "Design-In" Greater Resilience for Critical Infrastructure:**

DHS efforts to reduce vulnerabilities to critical infrastructure and key resources must incorporate resilience. It is more efficient and more effective to build in resilience by design than to retrofit for resilience once facilities and networks are developed. To that end, DHS will work with nongovernmental organizations that set infrastructure design standards to establish commonly agreed upon standards for critical infrastructure resilience. DHS will build upon the standards provided under Title IX of the *Implementing the 9/11 Recommendations Act of 2007*, and will seek to incorporate design standards for critical infrastructure resilience into federally administered insurance and re-insurance programs.



## *Providing Essential Support to National and Economic Security*

DHS leads and supports many activities that provide essential support to national and economic security including, but not limited to: maximizing collection of customs revenue; maintaining the safety and security of the marine transportation system; preventing the exploitation of children; providing Federal law enforcement training; and coordinating the Federal Government's response to global intellectual property theft. DHS contributes in many ways to these elements of broader U.S. national and economic security while fulfilling its other five homeland security missions.

### **U.S. Trade Laws – Revenue Collection**

CBP enforces U.S. trade laws and collects customs revenue, making it the third largest revenue generator for the U.S. Government after the Internal Revenue Service and the Social Security Administration. In Fiscal Year 2010, approximately \$32.3 billion in revenue was collected. In order to ensure that accurate revenue is collected from imports, CBP has a robust revenue targeting program in order to ensure compliance. This work is coordinated by CBP's Office of International Trade.



### **Blue Campaign – Helping Stop Human Trafficking**

The Blue Campaign was officially launched in July 2010 by U.S. Immigration and Customs Enforcement, U.S. Customs and Border Protection, U.S. Citizenship and Immigration Services, and the Federal Law Enforcement Training Center—underscoring the Department's unified effort to prevent human trafficking, assist victims, and hold traffickers accountable by bringing together the Department's diverse resources and expertise under one initiative.



To help citizens learn to identify and properly report indicators of human trafficking, the Department is launching public outreach tools that include social media, multilingual public awareness campaigns, and a comprehensive one-stop website for the Department's efforts to combat human trafficking at <http://www.dhs.gov/humantrafficking>.

The Blue Campaign also features new training initiatives for law enforcement and DHS personnel, enhanced victim assistance efforts, and the creation of new partnerships and interagency collaboration—including the deployment of additional victim assistance specialists and specialized training for law enforcement personnel.





## Priority Goals

In the FY 2010 Budget, the Obama Administration defined Priority Goals, which represent areas in which the Administration has identified opportunities to significantly improve near-term performance. These goals are only a subset of each agency's critical efforts, which also include long-term strategic goals and goals dependent on new legislation or additional funding.

The DHS Priority Goals are:

- **Preventing Terrorism and Enhancing Security through Aviation Security:** *Improve commercial aviation security screening through layered security measures including the utilization of Transportation Security Officers, Secure Flight and Advanced Imaging Technology.* TSA is working to deploy the most effective layered screening technologies at all airports to detect threats on passengers and in baggage and cargo, and to improve the vetting process for air passengers against Government watch lists by implementing Secure Flight.
- **Preventing Terrorism and Enhancing Security through Surface Transportation Security:** *Improve security in the surface modes of transportation by performing risk assessments, closing vulnerability gaps, vetting key workers, providing training and deploying highly skilled prevention and response teams.* Millions of passengers and millions of tons of commodities move through our Nation's surface transportation network each year. DHS recognizes that the risk from terrorism and other hazards demands a coordinated approach to security involving all sector partners and stakeholders, including Federal, state, and local governments as well as the private sector. TSA is leveraging these partnerships to increase surface transportation security in mass transit, highways, freight rail, and pipelines.
- **Securing and Managing Our Borders through the Western Hemisphere Travel Initiative (WHTI):** *Prevent terrorist and criminal movement at land ports of entry through secure travel documents and enhanced technology that will effectively integrate vehicle and passenger data.* The initial success of WHTI improved vehicle processing at the land border by requiring travelers to present secure, technically enhanced travel documents. WHTI also strengthened CBP's ability to target violators by integrating vehicle and passenger data. WHTI continues to expand the use of technology to additional land locations and other key mission processing areas, including pedestrian, outbound, and the Border Patrol checkpoints.
- **Enforcing and Administering Our Immigration Laws through Detention and Removal Efficiency:** *Improve the efficiency of the process to detain and remove illegal immigrants from the United States.* ICE is prioritizing the arrest and removal of convicted criminals, fugitives, illegal re-entrants, recent border violators, and visa overstays – aliens who pose a public safety threat to the United States. In particular, the Secure Communities program uses biometric identification technology to better identify aliens arrested and booked for a crime in state and local jurisdictions.



- **Enforcing and Administering Our Immigration Laws through U.S. Citizenship and Immigration Services Business Transformation:** *Implement an enterprise-wide transformation to move from a form-driven, paper-based system into a centralized, electronic adjudication system in order to improve the speed, ease of use, and quality of immigration services.* In its current state, the USCIS relies largely on the movement of paper to deliver immigration benefits and services. In the future, USCIS will use a paperless, electronic system that will transform nearly all of the agency's processes. Through web-based technology, customers will maintain individual accounts with USCIS and be able to obtain more detailed and current information on their cases. By organizing and sharing information digitally, USCIS will increase the efficiency of its adjudications, while also facilitating the rapid and collaborative exchange of information with partner agencies.
- **Ensuring Resilience to Disasters by Strengthening Disaster Preparedness and Response Capabilities:** *Strengthen disaster preparedness and response by improving FEMA's operational capabilities and strengthening state, local, and private citizen preparedness.* FEMA is improving its operational capabilities; strengthening state, local, individual and private-sector preparedness through Emergency Management Institute training and preparedness grants; putting in place resources and strategies for temporary housing; and ensuring the availability of life-sustaining/life-saving commodities during disasters.
- **Maturing and Strengthening the Homeland Security Enterprise through Effective Information Sharing:** *Effectively deliver information in a timely manner that is responsive to state, local, tribal, and territorial information needs.* DHS is working to improve and enhance secure information-sharing capabilities for state and local partners; the timeliness and sufficiency of responses to stakeholders' requests; and internal information sharing. In addition to addressing these specific issues, DHS is developing a Department-wide information-sharing roadmap based on the strategic framework set forth in the QHSR.
- **Maturing and Strengthening the Homeland Security Enterprise by Improving Acquisition Execution:** *Improve acquisition execution across the DHS acquisition portfolio, by ensuring key acquisition expertise resides in major program office and acquisition oversight staffs throughout the Department.* This goal includes having disciplined oversight processes and robust acquisition program management teams in place. Oversight processes begin with having a well-defined acquisition requirement and a cost, schedule, and performance plan against which program managers are held accountable for results.

### *Additional Performance Information*

For more detailed performance information, please see our FY 2010 Annual Performance Report located at [http://www.dhs.gov/xabout/budget/editorial\\_0430.shtm](http://www.dhs.gov/xabout/budget/editorial_0430.shtm).



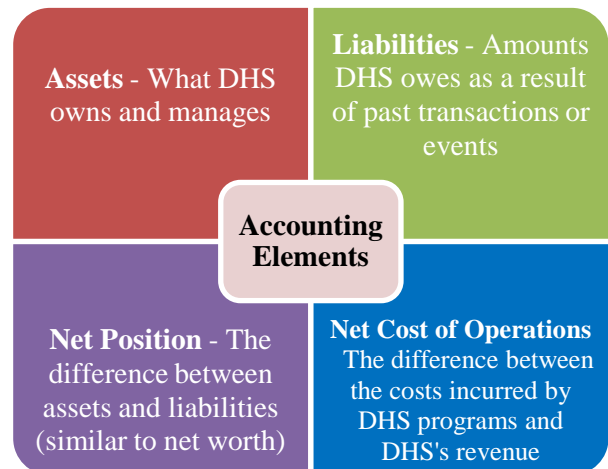
## Financial Overview

DHS’s appropriated budgetary resources were approximately \$83 billion for FY 2010. The budget represents our plan for achieving the strategic objectives set forth by the Secretary to carry out our mission and to ensure that DHS manages its operations within the appropriated amounts using budgetary controls. DHS prepares its annual financial statements on an accrual basis, in accordance with generally accepted accounting principles, meaning that economic events are recorded as they occur, regardless of when cash is received or disbursed. DHS primarily uses the cash basis for its budgetary accounting. The cash basis is an accounting method in which income is recorded when cash is received and expenses are recorded when cash is paid out. These financial statements provide the results of our operations and financial position, including long-term commitments and obligations. The independent accounting firm KPMG LLP was engaged to audit the Balance Sheet and Statement of Custodial Activity. For more detailed financial information, please see our FY 2010 Annual Financial Report located at [http://www.dhs.gov/xabout/budget/editorial\\_0430.shtm](http://www.dhs.gov/xabout/budget/editorial_0430.shtm).

On October 28, 2009, the President of the United States signed the *FY 2010 Homeland Security Appropriations Act* (Pub. L. 111-83), which included a provision transferring the Federal Protective Service (FPS) from ICE to NPPD. The realignment allows FPS to focus on its primary mission—securing Federal buildings by performing building security assessments and deploying appropriate countermeasures—while enabling ICE to focus on the enforcement of immigration and customs laws. As a result of the transfer, certain reclassifications were made to the FY 2009 financial statements and related footnotes to conform to FY 2010 presentation.

The Department received \$2.8 billion in supplemental appropriations during FY 2009 as a result of *The American Recovery and Reinvestment Act of 2009* (Recovery Act) (Pub. L. 111-5). This funding included \$200 million for the consolidation of the DHS headquarters; \$420 million for modernization of CBP-owned land ports of entry; \$260 million for CBP border security technology, including non-intrusive inspection technology, Southwest border technology, and tactical communications equipment and radios; \$20 million for ICE automation modernization and tactical communications; \$1 billion for explosives detection systems and checkpoint screening equipment at airports nationwide; \$142 million for bridge alteration construction; \$98 million for U.S. Coast Guard shore and vessel preservation; \$100 million for the Emergency Food and Shelter Program; \$150 million for transit and rail security grants; \$150 million for port security grants; and \$210 million for Fire Station Construction grants. Additional Recovery Act information can be found at [www.recovery.gov](http://www.recovery.gov).

The Department restated FY 2009 balances primarily because of actions completed to correct financial management weaknesses reported in prior financial statement audit reports. The Department is taking corrective actions related to the causes of the restatements.





## Balance Sheet

The Balance Sheet presents the resources owned or managed by DHS that have future economic benefits (assets) and the amounts owed by DHS that will require future payments (liabilities). The difference between DHS's assets and liabilities is the residual amount retained by DHS (net position) that is available for future programs and capital investments.

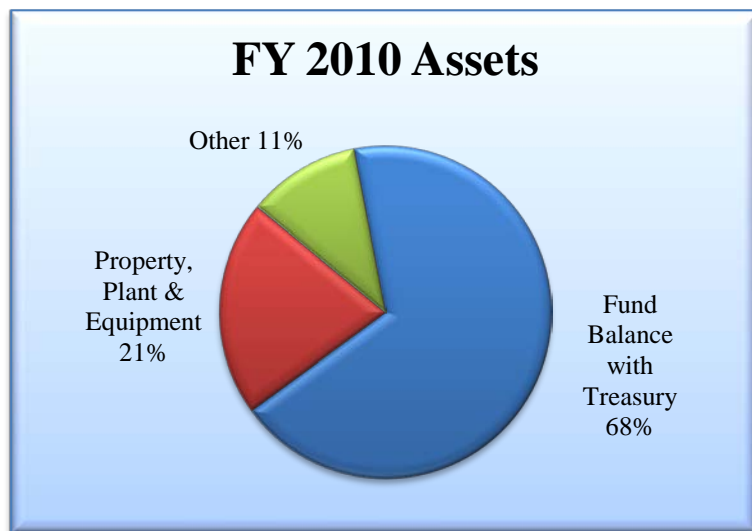
### Assets – What We Own and Manage

Assets represent amounts owned or managed by DHS that can be used to accomplish its mission. At September 30, 2010, DHS had \$90 billion in assets, representing a \$5 billion increase from FY 2009 restated assets of \$85 billion.

Fund Balance with Treasury (FBwT), the Department's largest asset, comprises 68 percent (\$61 billion) of the total assets. Included in FBwT is the remaining balance of DHS unspent prior-year budgets plus miscellaneous receipts. FBwT increased approximately \$4 billion from FY 2009 in part due to additional funding for the Deepwater Horizon oil spill recovery efforts in the Gulf and an increase in funds received for TSA's Explosive Detection technology.

Property, Plant, and Equipment (PP&E) is the second largest asset, comprising 21 percent of total assets. The major items in this category include construction in progress, buildings and facilities, vessels, aircraft, and other equipment. In acquiring these assets, DHS either spent cash or incurred a liability to make payment at a future date; however, because these assets should provide future benefits to help accomplish the DHS mission, DHS reports these items as assets rather than expenses. PP&E is recorded net of accumulated depreciation. Recording the net value of the PP&E items is intended to approximate its remaining useful life. During FY 2010, PP&E increased by \$1 billion. A large part of this was due to the U.S. Coast Guard's increases in

As of September 30 (in Millions)	FY 2010	FY 2009 (Restated)
Fund Balance with Treasury	\$60,822	\$57,172
General Property, Plant, and Equipment, Net	19,074	17,697
Other	10,201	9,935
<b>Total Assets</b>	<b>\$90,097</b>	<b>\$84,804</b>



U.S. Coast Guard assets account for more than 50 percent of the property, plant, and equipment assets of DHS.



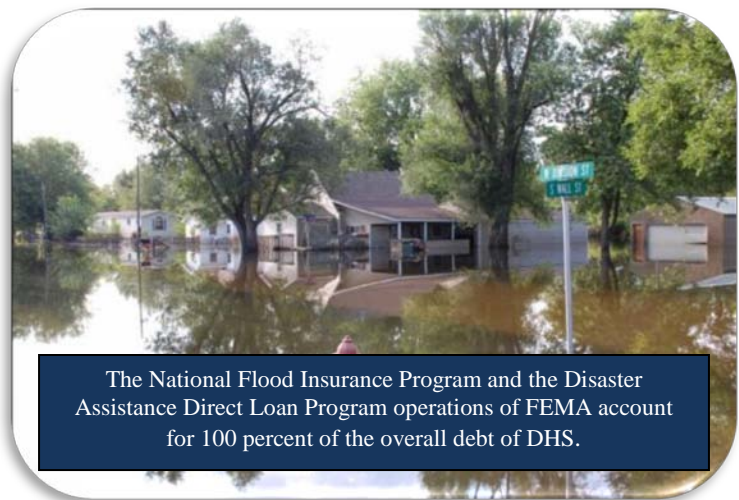
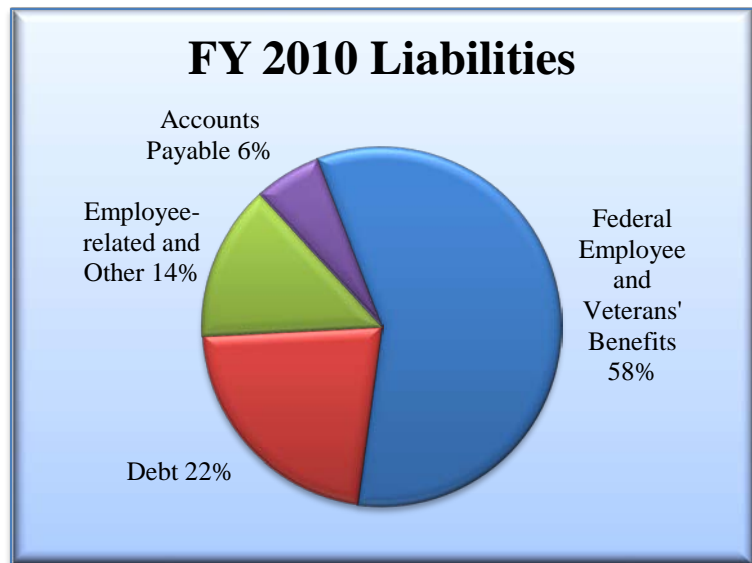
equipment related to the National Security Cutter and Rescue 21 efforts. Also contributing to this increase was SBI<sup>net</sup> Virtual Fence Construction, software development and modernization, and aircraft upgrades at CBP.

**Liabilities – What We Owe**

At September 30, 2010, DHS reported approximately \$84 billion in total liabilities. Liabilities are the amounts owed to the public or other Federal agencies for goods and services provided but not yet paid for; to DHS employees for wages and future benefits; and for other liabilities. Eighty-seven percent of these liabilities will need to be paid from funds received in future appropriations. DHS’s largest liability not covered by budgetary resources is for Federal Employee and Veterans’ Benefits, arising primarily from U.S. Coast Guard personnel benefits. The National Flood Insurance Program (NFIP) administered by FEMA is the second largest such liability. Liabilities increased approximately \$9 billion from FY 2009 restated liabilities which totaled \$75 billion.

DHS’s largest liability is for Federal Employee and Veterans’ Benefits, representing 58 percent of total liabilities. This liability increased approximately \$9 billion from FY 2009. This increase primarily relates to U.S. Coast Guard changing its assumptions used to calculate Retired Pay and Military Care Actuarial liability. DHS owes these amounts to current and past civilian and military personnel for pension and other post-employment benefits. The liability also includes medical costs for approved workers compensation cases and an estimate for incurred but not yet reported workers’ compensation costs. This liability is not covered by current budgetary resources, and DHS will use future appropriations to cover these liabilities.

As of September 30 (in Millions)	FY 2010	FY 2009 (Restated)
Federal Employee and Veterans’ Benefits	\$48,317	\$39,425
Debt	18,505	19,004
Employee-related and Other	12,029	11,101
Accounts Payable	4,745	4,972
<b>Total Liabilities</b>	<b>\$83,596</b>	<b>\$74,502</b>



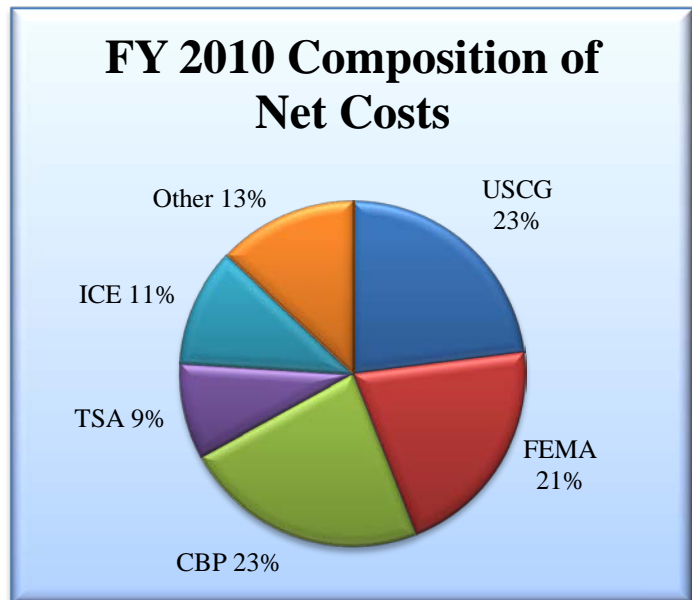


Debt is DHS's second-largest liability, representing 22 percent of total liabilities. This debt results from Department of Treasury loans and related interest payable to fund the NFIP and Disaster Assistance Direct Loan Program operations of FEMA. Total debt decreased approximately \$500 million from FY 2009 due to the NFIP. Most of this debt is not covered by current budgetary resources. The premiums collected by FEMA for disaster assistance do not cover the cash outlays.

Employee-related and other liabilities, comprising 14 percent of the Department's liabilities, increased approximately \$1 billion from FY 2009. The difference primarily relates to an increase in importing taxes due to Treasury, an increase in accrued payroll due to workforce expansion, and an increase in contingent liabilities. Also included in these liabilities are unpaid wages and benefits for current DHS employees. Six percent of total liabilities results from accounts payable, which are actual or estimated amounts DHS owes to vendors for goods and services provided for which we have not yet paid. These liabilities are covered by current budgetary resources.

### Statement of Net Cost

Net Cost of Operations represents the difference between the costs incurred by DHS programs less revenues. The U.S. Coast Guard incurred 23 percent of total net costs, in ensuring maritime safety, security, and stewardship. The five percent decrease in the U.S. Coast Guard's net cost is primarily due to current and future funded expenses for Retirement Pay, Actuarial Pension and Health Care, and Environmental Compliance and Restoration. CBP, which represents 23 percent of total net cost, saw a net cost increase of approximately ten percent from FY 2009 primarily due to workforce growth and increases in property, plant, and equipment depreciation and contingent liabilities. FEMA represents 21 percent of the Department's net cost, a nine percent decrease from FY 2009 resulting from additional NFIP earned revenue and reduced costs associated with disasters. TSA net costs represents nine percent of the Department total and went to ensuring the security and stewardship of the U.S. transportation network, primarily aviation security. Net costs for ICE, which represent eleven percent of the total,



In March 2010, TSA began deploying advanced imaging technology units purchased with *American Recovery and Reinvestment Act* funds.



increased ten percent from FY 2009. This was primarily due to funding changes at the Detention and Removal Office and Southwest border initiatives.

During FY 2010, the Department earned approximately \$10.4 billion in revenues; this is a marginal increase of about \$600 million from the restated amount of \$9.8 billion on September 30, 2009. The Department classifies revenues as either exchange (“earned”) or non-exchange revenue. Exchange revenues arise from transactions in which DHS and the other party receive value and that are directly related to departmental operations. DHS also collects non-exchange duties, taxes, and fee revenues on behalf of the Federal Government. These non-exchange revenues are presented in the Statement of Custodial Activity rather than the Statement of Net Cost. An example of non-exchange revenue is user fees that CBP collects on behalf of the Federal Government as a result of its sovereign powers rather than as a result of providing goods or services for a fee. Non-exchange revenues are either retained by the Department to further its mission or returned to Treasury’s General Fund.

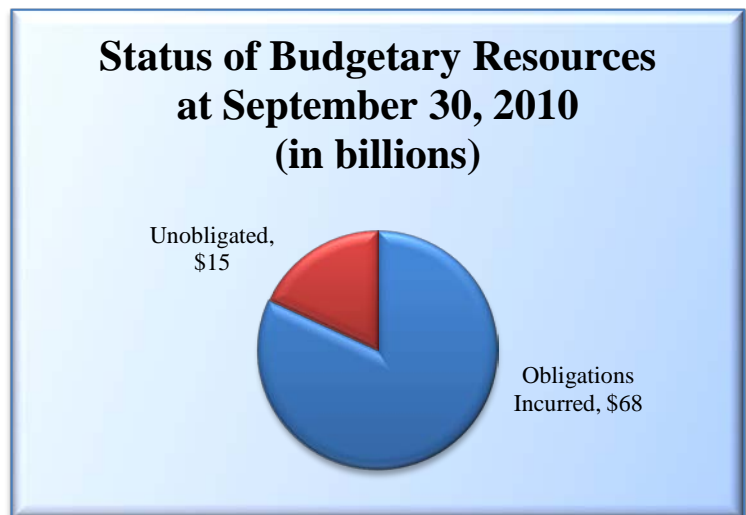
**Statement of Changes in Net Position**

Net position represents the accumulation of revenue, expenses, budgetary and other financing sources since inception, as represented by an agency’s balances in unexpended appropriations and cumulative results of operations on the Statement of Changes in Net Position. Financing sources increase net position and include, but are not limited to, appropriations, user fees, and excise taxes. The net costs discussed above and transfers to other agencies decrease net position. In FY 2010, the U.S. Coast Guard had higher costs due to a change in the assumptions used to calculate employee-related benefits.

**Statement of Budgetary Resources**

This statement provides information on the status of the approximately \$83 billion in budgetary resources available to DHS during FY 2010. This authority was derived from appropriations of \$56 billion, \$13 billion in authority carried forward from FY 2009, \$10 billion in collections, and \$4 billion of miscellaneous authority.

The total amount of resources available decreased by approximately \$2 billion from FY 2009 levels. This is primarily due to a decrease in FEMA’s prior year supplemental disaster funding, which reduced the availability of carry-forward amounts.



Of the total budget authority available, DHS incurred a total of \$68 billion in obligations from purchase orders placed, contracts awarded, salaries and benefits, or similar transactions. These obligations will require payments during the same or future period. As of September 30, 2010,



\$15 billion of the \$83 billion available was not yet obligated. The \$15 billion represents \$5 billion in unavailable funding and \$10 billion in apportioned funds available for future use.

### *Statement of Custodial Activities*

This statement presents the disposition of revenues collected and disbursed by DHS on behalf of other recipient entities. CBP collects revenue from a variety of duties, excise taxes, and various other fees, and USCIS collects user fees that are subsequently remitted to the Treasury's General Fund or to other entities. Total cash collections increased by more than \$3 billion in FY 2010. This is primarily due to increased importing into the U.S. during FY 2010, which resulted in additional cash collections for customs duties.

### *Stewardship Assets and Investments*

DHS's stewardship assets primarily consist of U.S. Coast Guard heritage assets, which include ship equipment, lighthouses and other aids to navigation, communication items, military uniforms, ordnance, artwork, and display models. A heritage asset is any personal property that is retained by DHS because of its historic, cultural, educational, or artistic value as opposed to its current usefulness to carrying out the mission of the Department. Of the U.S. Coast Guard buildings and structures designated as heritage assets—including memorials, recreational areas, and other historical areas—more than two-thirds are multi-use heritage assets. CBP has four multi-use heritage assets located in Puerto Rico, and FEMA has one multi-use heritage asset that is used by the United States Fire Administration for training in Emmitsburg, Maryland. In addition, CBP, USCIS, and TSA have collection-type assets that consist of documents, artifacts, immigration and naturalization files, as well as architectural and building artifacts used for education.

Stewardship investments are substantial investments made by the Federal Government for the benefit of the Nation. When incurred, stewardship investments are treated as expenses in calculating net cost, but they are separately reported as Required Supplementary Stewardship Information (RSSI) to highlight the extent of investments that are made for long-term benefits. Included are investments in research and development, human capital, and non-Federal physical property.

### *Additional Financial Information*

For more detailed financial information, please see our FY 2010 Annual Financial Report located at [http://www.dhs.gov/xabout/budget/editorial\\_0430.shtm](http://www.dhs.gov/xabout/budget/editorial_0430.shtm).







Homeland  
Security